

Message Text

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ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 NSCE-00 INR-05 IO-06 EUR-08
EB-04 SIL-01 SAB-01 L-01 SP-02 CIAE-00 PRS-01
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TO SECSTATE WASHDC 5217
INFO AMEMBASSY BRASILIA
AMEMBASSY BRIDGETOWN
AMEMBASSY CARACAS
AMEMBASSY KINGSTON
AMEMBASSY PARAMARIBO
AMEMBASSY PORT OF SPAIN
USMISSION USUN

C O N F I D E N T I A L SECTION 1 OF 2 GEORGETOWN 2057

LIMDIS

E.O. 11652: GDS
TAGS: GY, US, ELAB
SUBJECT PRIME MINISTE BURNHAM COMMENTS ON SUGAR STRIKE, US-
GUYANESE RELATIONS, AND GUYANA'S RELATIONS WITH THE SOVIET UNION

REF: GEORGETOWN 2054

BEGIN SUMMARY: PRIME MINISTER BURNHAM, IN MEETING WITH ME
AUGUST 28 DESCRIBED THE PRESENT INDUSTRY-WIDE SUGAR STRIKE
AS AN ARMAGEDDON TO DETERMINE WHO WILL HAVE POWER IN
GUYANA--HE OR CHEDDI JAGAN. THE CUBANS HAD AT FIRST PER-
SUADED JAGAN NOT TO STRIKE BECAUSE IT WOULD BE "ANTI-
NATIONAL," BUT JANET JAGAN HAD PERSUADED JAGAN TO CALL THE
STRIKE. THE SOVIETS HAD NOT BEEN HELPFUL. BURNHAM HOPED
TO BREAK THE STRIKE BY NEXT WEEKEND. BURNHAM SAID THAT
SINCE HIS TALKS WITH UNDER SECRETARY HABIB, HE BELIEVED
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THAT THE US UNDERSTOOD GUYANA'S SOCIALISM AND THAT IT WOULD
NOT BE AN ALLY OF THE SOVIET UNION. HE EXPRESSED APPRECIATION
FOR THE RAPIDITY WITH WHICH THE UNITED STATES AID TEAM
WAS MOVING AND AGAIN ASKED THAT THE USG "SMILE" ON THE
UPPER MAZARUNI HYDROELECTRIC PROJECT FOR THE BENEFIT
OF THE IBRD. HE DID NOT RESPOND TO A QUESTION CONCERNING
THE ABSENCE OF ANY PUBLIC STATEMENT ON FOREIGN PRIVATE

CAPITAL DURING THE PNC'S BIENNIAL CONGRESS BUT SAID FOREIGN PRIVATE INVESTMENT WOULD BE WELCOME IN GUYANA. I RESPONDED THAT THE USG COULD NOT ATTRACT IT TO GUYANA, BUT THAT HE COULD DO SO BY CREATING THE RIGHT ENVIRONMENT. HE COMPLAINED THAT THE SOVIET UNION DID NOT UNDERSTAND THAT GUYANA WAS TRULY NON-ALIGNED. OTHER POINTS OF FRICTION WERE THE SOVIET'S "NOSTALGIC ATTACHMENT TO CHEDDI JAGAN," AND THE SOVIET'S REFUSAL TO ACCEPT THE CONCEPT OF OWNERSHIP BY COOPERATIVES AS A VALID COLLECTIVE FORM OF OWNERSHIP.

1. DURING MY MEETING WITH PRIME MINISTER BURNHAM CONCERNING PRESIDENT CARTER'S INVITATION TO THE SIGNING CEREMONY FOR THE PANAMA CANAL TREATIES WE COVERED SEVERAL SUBJECTS DURING A 50 MINUTE TALK, INCLUDING THE INDUSTRY-WIDE SUGAR STRIKE UNDER WAY IN GUYANA, UNITED STATES-GUYANESE RELATIONS, AND THE ATTITUDES OF THE SOVIET UNION.

2. SUGAR STRIKE. THE SUGAR STRIKE ORGANIZED BY OPPOSITION LEADER CHEDDI JAGAN WAS BURNHAM'S PRIMARY CONCERN. HE TALKED OF IT FOR OVER 20 MINUTES. BECAUSE OF THE ALREADY DESPERATE STATE OF THE ECONOMY THE SUGAR STRIKE COULD BRING DOWN HIS GOVERNMENT IF IT WERE PROLONGED, HE SAID. JAGAN HAD TIMED IT CAREFULLY. HE HAD MOUNTED HIS CHALLENGE IMMEDIATELY BEFORE THE PEOPLE'S NATIONAL CONGRESS' BIENNIAL CONGRESS BY DEMANDING A

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NATIONAL FRONT GOVERNMENT ON HIS OWN TERMS. WHEN THAT WAS REJECTED, JAGAN HAD CALLED THE STRIKE. BURNHAM SAID HE HOPED THAT HE COULD HAVE IT BROKEN BY THE END OF THIS WEEK, BUT WAS NOT AT ALL SURE THAT HE COULD. THAT AFTERNOON HE HAD MET WITH A GROUP OF SUGAR WORKERS AT ENMORE ESTATE. THEY HAD AGREED THAT IF THE GOVERNMENT COULD GUARANTEE PROTECTION THEY WOULD RETURN TO WORK. BURNHAM WAS NOT SURE, HOWEVER, THAT PROTECTION COULD BE PROVIDED BECAUSE THE PRESENCE OF MILITARY OR POLICE ON THE ESTATE MIGHT CAUSE A CLASH WITH JAGAN SUPPORTERS. BURNHAM THEN TOLD ME ESSENTIALLY WHAT WILLS HAD ALREADY SAID (REFTEL). THAT WAS THAT JANET JAGAN HAD PERSUADED CHEDDI TO PROCEED WITH THE STRIKE. I ASKED BURNHAM WHAT HAD BEEN THE ATTITUDE OF JAGAN'S "FRIENDS" CONCERNING THE MATTER. HE REPLIED THAT ONE FRIEND (I.E. CUBA) HAD ADVISED JAGAN THAT IT WAS "ANTI-NATIONALIST" TO STRIKE AT THIS TIME WITH THE ECONOMY IN THE STATE THAT IT IS. THE "OTHER FRIEND" (THE SOVIET UNION) HAD NOT BEEN SO HELPFUL, HE SAID.

3. BURNHAM COMMENTED THAT JAGAN'S DEMAND WAS TO GET

EITHER THE PRESIDENCY OR THE PRIME MINISTER'S JOB. JANET JAGAN EXERCISED PSYCHOLOGICAL DOMINATION OVER CHEDDI. TO DRIVE THAT POINT HOME AND EMBARRASS JAGAN, AN ARTICLE CONCERNING JAGAN'S "HENPECKED" STATUS HAD BEEN PLACED IN THE NEW NATION AUGUST 28, HE SAID (SEPTEL). IF THE GOVERNMENT WERE TO ACCEDE TO THE DEMANDS FOR PROFIT-SHARING EXTENDING BACK TO 1974 AS DEMANDED BY JAGAN'S UNION, THE GUYANA AGRICULTURAL WORKER'S UNION (GAWU), THE COST WOULD BE ASTRONOMICAL. GUYANA DID NOT HAVE THAT MUCH MONEY AT THE PRESENT TIME. SINCE JAGAN HAD MADE IT A POLITICAL ISSUE OF THE MOST SERIOUS SORT, BURNHAM SAID HE WOULD HAVE TO CRUSH JAGAN OR JAGAN WOULD BRING ABOUT THE DOWN-FALL OF THE PRESENT GOVERNMENT. THERE WERE NOT OTHER ALTERNATIVES. IF HE SUCCEEDED IN BREAKING THE STRIKE HE
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WOULD STILL HAVE TO BE WARY BECAUSE JAGAN MIGHT USE "OTHER MEANS" (I.E. RIOTS, SABOTAGE ETC.) IF HE LOST. LOSS FOR EITHER OF THEM UNDER THE CIRCUMSTANCES WOULD MEAN THEIR POLITICAL DEMISE.

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C O N F I D E N T I A L SECTION 2 OF 2 GEORGETOWN 2057

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4. US-GUYANA RELATIONS. I ASKED BURNHAM WHAT HE THOUGHT OF THE PRESENT STATE OF US-GUYANESE RELATIONS AND WHERE HE THOUGHT THE RELATIONSHIP WOULD EVOLVE. HE REPLIED IMMEDIATELY THAT HE HAD BEEN VERY SATISFIED WITH HIS TALKS WITH UNDER SECRETARY HABIB AND THE PRESENT ATTITUDE OF THE US TOWARD GUYANA. HE WAS SATISFIED THAT THE UNITED STATES NOW UNDERSTOOD GUYANA'S SOCIALISM, GUYANA'S NON-ALIGNMENT, AND PARTICULARLY THAT GUYANA WOULD NOT BE SUBSERVIENT TO OR AN ALLY OF THE SOVIET UNION. SINCE THESE THINGS WERE UNDERSTOOD BY THE UNITED STATES THERE WAS NO OBSTACLE TO GOOD RELATIONS WITH THE UNITED STATES. HE SAID HE WANTED TO EXPRESS APPRECIATION FOR THE RAPIDITY WITH WHICH THE UNITED STATES WAS MOVING ON DEVELOPING THE FEEDER ROAD PROJECT. HIS MINISTERS HAD REPORTED ON THE ACTIVITIES OF THE VISITING AID TEAM. HE ALSO SAID THAT THE BRITISH WERE RESPONDING WELL
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TO GUYANA'S NEEDS.

5. AS FOR THE FUTURE, HE WOULD LIKE TO SEE ECONOMIC COOPERATION ON THE BASIS OF IMPROVED TRADE. IN THE SHORT TERM, HOWEVER, UNTIL GUYANA DEVELOPED SUFFICIENT PRODUCTION TO BE ABLE TO TRADE, HE WAS HOPEFUL THAT THE UNITED STATES WOULD ENCOURAGE INTERNATIONAL FINANCE INSTITUTIONS TO HELP WITH GUYANA'S DEVELOPMENT AND THAT IT WOULD CONTINUE ITS BILATERAL ASSISTANCE PROGRAM. THIS WAS SORELY NEEDED.

6. WITH REFERENCE TO THE UPPER MAZARUNI HYDROELECTRIC PROJECT HE REPEATED WHAT HE SAID HE HAD TOLD UNDER SECRETARY HABIB WHICH WAS IF THE UNITED STATES WOULD "SMILE" ON THAT PROJECT THE IBRD WOULD FIND ITSELF ABLE TO HELP. IF THE IBRD PROVIDED APPROXIMATELY US\$1 MILLION TOWARD THE PROJECT HE BELIEVED THAT THERE WOULD BE NO PROBLEM IN OBTAINING OTHER INTERESTED PARTIES FOR INVESTMENT. I SAID THAT I UNDERSTOOD THAT UNDER SECRETARY HABIB HAD TALKED TO THE IBRD (HE NODDED AT THIS POINT) AND THAT AMBASSADOR YOUNG ALSO WOULD DO SO, BUT I WAS SCEPTICAL THAT A "SMILE" FROM THE UNITED STATES WOULD DO THE TRICK BY ITSELF.

7. I MENTIONED THAT MANY PEOPLE HAD EXPECTED HIM TO SAY SOMETHING IN HIS PNC CONGRESS SPEECH INDICATING THAT FOREIGN PRIVATE CAPITAL WAS WELCOME. HE DID NOT COMMENT ON WHY HE HAD NOT MENTIONED THIS BUT SAID THAT PRIVATE CAPITAL WAS WELCOME IN GUYANA UNDER CONDITIONS WHICH HE HAD OUTLINED TO UNDER SECRETARY HABIB. I RESPONDED THAT HE COULD NOT EXPECT THE USG TO ACTIVELY SEEK

INVESTORS FOR GUYANA. INSTEAD HIS GOVERNMENT WOULD HAVE TO MAKE THE APPROPRIATE SIGNALS AND PROVIDE AN ATTRACTIVE ENVIRONMENT. HE AGAIN AVOIDED A DIRECT
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RESPONSE BY SAYING IT WOULD BE DIFFICULT TO ATTRACT PRIVATE CAPITAL TO FINANCE THE UPPER MAZARUNI HYDRO-ELECTRIC PROJECT, BUT HE WAS CERTAIN THAT PRIVATE CAPITAL WOULD FAINANCE THE PLANNED ALUMUNUM SMELTER. HE SAID THAT HE BELIEVED ALCOA AND ALCAN REMAINED HOSTILE TOWARD GUYANA AND WOULD TRY TO DISCOURAGE OTHERS FROM INVESTING. KAISER, HE SAID, HAD A MORE POSITIVE ATTITUDE.

8. BURNHAM INQUIRED CONCERNING THE POSSIBILITY THAT THE SENATE MIGHT REJECT THE PANAMA CANAL TREATIES. I DISCUSSED THE DIFFICULTIES THAT THE TREATY FACED IN THE US. BURNHAM SAID IF THE TREATIES WERE REJECTED BY THE SENATE THIS WOULD CAUSE GREAT PROBLEMS IN UNITED STATES RELATIONS WITH THE REST OF LATIN AMERICA.

9. GUYANA-SOVIET RELATIONS. ON THE SOVIET UNION BURNHAM SAID THAT HE WISHED THAT IT WOULD SHOW THE SAME UNDERSTANDING THAT THE CARTER ADMINISTRATION WAS SHOWING TOWARD GUYANA. UNFORTUNATELY, IT DID NOT SEEM TO BE ABLE TO ACCEPT THAT OR UNDERSTAND THAT GUYANA WAS OR COULD BE GENUINELY NON-ALIGNED. ALSO, THE SOVIET UNION HAD A "NOSTALGIC" ATTACHMENT TO CHEDDI JAGAN. HE SAID HIS GOVERNMENT AND THE SOVIETS DISAGREED ON WHAT WAS THE HIGHEST FORM OF COLLECTIVE OWNERSHIP--STATE OWNERSHIP OR COOPERATIVE OWNERSHIP. THIS, HE SAID, WAS AN IMPORTANT AND DIVISIVE DIFFERENCE AS THE SOVIET UNION WOULD NOT ACCEPT GUYANA'S SOCIALISM.

10. COMMENT: BURNHAM SEEMED TO EXCLUDE A COMPROMISE POLITICAL SOLUTION FOR THE PRESENT POWER STRUGGLE BETWEEN HE AND JAGAN. YET A COMPROMISE WOULD APPEAR THE WAY OUT SHOULD EITHER BURNHAM OR JAGAN GET THEIR BACKS TO THE WALL. NON-GOVERNMENT GUYANESE OBSERVERS HERE INDICATE THAT NEVER HAS THE SITUATION BEEN SO POTENTIALLY EXPLOSIVE SINCE THE BLOODY RIOTS IN 1962-63 WHEN BURNHAM WAS DOING TO JAGAN'S GOVERNMENT PRECISELY WHAT JAGAN IS TRYING TO
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DO TO THE PNC GOVERNMENT NOW. BURNHAM CONFIRMED ALBEIT IN LESS EXPLICIT TERMS, WHAT FONMIN WILLS HAD SAID ABOUT THE POSITIONS OF THE SOVIETS AND THE CUBANS

VIS-A-VIS THE STRIKE. MY SUSPICION IS THAT THE CUBANS
ARE PLAYING A DOULBLE GAME, ALTHOUGH BURNHAM
APPEARS CONVINCED THAT NOT ONLY CONCERNING GUYANA, BUT
ALSO ON OTHER ISSUES IN THE WESTERN HEMISPHERE, THE CUBANS
HAVE SOME INDEPENDENCE FROM THE SOVIET UNION. THE DISAGREE-
MENT WITH THE SOVIETS OVER " THE HIGHEST FORM OF COLLECTIVE
OWNERSHIP" EXEMPLIFIES WHAT WILLS CALLS BURNHAM'S COMPLUSIVE NEED
FOR RECOGNITION AS A POLITICAL THINKER--AND AS A SOCIALIST.

11. BURNHAM APPEARED TIRED AND HIS FACE DRAWN,
BUT HIS MIND WAS ALERT. WHEREAS DURING HIS MEETING
WITH AMBASSADOR YOUNG I SUSPECTED HE MIGHT BE UNDER
SEDATION, HE DID NOT NOW APPEAR DRUGGED.
BLACKEN

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Message Attributes

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